

**MINUTES OF A MEETING OF
THE LEMON GROVE CITY COUNCIL, LEMON GROVE HOUSING AUTHORITY, LEMON
GROVE SANITATION DISTRICT BOARD, LEMON GROVE ROADWAY LIGHTING DISTRICT
BOARD, AND LEMON GROVE SUCCESSOR AGENCY
February 3, 2015**

Call to Order

Members present: Mary Sessom, George Gastil, Jerry Jones, Jennifer Mendoza, and Racquel Vasquez.
Members absent: None.

City Staff present: Graham Mitchell, City Manager; Carol Dick, Development Services Director; Leon Firsht, City Engineer; Susan Garcia, City Clerk; James P. Lough, City Attorney; Mike James, Public Works Director; Lt. May, Sheriff's Department; Rick Sitta, Fire Chief; and Cathleen Till, Finance Director.

Mayor Sessom presented certificates of recognition to the 2014 City events sponsors.

Public Comment

Brenda Hammond commented on seniors and other citizens in the community.

John L. Wood commented on the Toyota dealership's tree trimming project, street lighting, the Planning Commission, and vehicles parked on City streets.

Mike Richards expressed appreciation to Lt. May for meeting with members in the community and reported on the concerts in the Promenade.

Helen Ofield provided an overview of the life of William "Bill" Miller of Miller's Dairy.

1. Consent Calendar

A. Approval of City Council Minutes

January 20, 2015 Regular Meeting

B. Ratification of Payment Demands

C. Waive Full Text Reading of All Ordinances and Resolutions on the Agenda

D. City of Lemon Grove Investment Policy (2015)

E. Determination of Disability for Industrial Disability Retirement

Action: Motion by Councilmember Jones, seconded by Councilmember Gastil, to approve the Consent Calendar passed, by the following vote:

Ayes: Sessom, Gastil, Jones, Mendoza, Vasquez

Resolution No. 2015-3301: Resolution of the City Council of the City of Lemon Grove California Approving the City of Lemon Grove Investment Policy for 2015

Resolution No. 2015-3302: Resolution of the Lemon Grove City Council Certifying its Determination of Incapacity to the Board of Administration of the California Public Employees' Retirement System Pursuant to California Government Code Section 21166

2. Groundwork San Diego – Chollas Creek

Graham Mitchell reported that Groundwork San Diego is working toward creating a regional park designation for areas between La Mesa and the San Diego Bay along Chollas Creek, including Lemon Grove.

Vicki Estrada, Groundwork San Diego – Chollas Creek, provided a presentation that included background information and details of their goals to create regional bike/walking paths that connect the communities within the Chollas Creek watershed through a regional park designation.

Public Speaker(s)

John L. Wood stated that he is in favor of this project.

Action: Motion by Councilmember Jones, seconded by Councilmember Gastil, to provide Groundwork San Diego letter of support for the Chollas Creek project passed, by the following vote:

Ayes: Sessom, Gastil, Jones, Mendoza, Vasquez

3. Annual Financial Report for Fiscal Year 2013-2014

Ahmed Badawi, Badawi & Associates, provided a presentation of the annual Financial Report for the Fiscal Year ending on June 30, 2014 and was available to answer City Council questions.

Public Speaker(s)

There were no requests from the public to speak.

4. CityMark Communities Real Estate Purchase and Sale Agreement

Graham Mitchell explained that on September 2, 2014, the City Council adopted a resolution accepting a Letter of Intent from CityMark Communities to purchase City-owned parcels.

The Letter of Intent identified the purchase price as \$527,022. Since that time, staff and CityMark have negotiated terms related to environmental clean up and liability after the close of escrow. In order to ensure that the City has no environmental liability in the future, staff recommends reducing the total purchase price by \$75,000. The Purchase Agreement currently indicates a total purchase price of \$462,022. After fees and commissions, the net proceeds of the sale will be approximately \$435,000.

The Letter of Intent identified that \$100,000 would be held in reserve for clean up that is required during the construction of the project. Staff and CityMark have negotiated this amount down to \$75,000, given the reduced purchase price.

Public Speaker(s)

There were no requests from the public to speak.

Action: Motion by Councilmember Jones, seconded by Mayor Pro Tem Vasquez, to adopt the resolution passed, by the following vote:

Ayes: Sessom, Gastil, Jones, Mendoza, Vasquez

Resolution No. 2015-3303: Resolution of the City Council of the City of Lemon Grove, California Approving a Real Estate Purchase and Sale Agreement with Citymark Communities, LLC

5. Housing-Related Parks Program Grant

Graham Mitchell reported that in December 2014, the California Department of Housing and Community Development released a notice of a grant opportunity. This non-competitive grant is provided to cities that developed affordable housing between 2010 and 2014. The grant proceeds are to be used for park development, expansion or rehabilitation.

Given the criteria established by the State, staff recommends that the funds be used to pay for the following projects: 1) enhancements at the Main Street Promenade, 2) expansion and installation of “skateable” art at the skatespot, and 3) completion of one segment of the “Connect Main Street” project. Staff believes that the grant could fund all three projects. In the event additional funds are made available (up to an additional \$200,000), staff recommends that the City Council, at a later date, consider including another segment of “Connect Main Street” to the project list. The following sections describe the proposed grant projects.

Public Speaker(s)

There were no requests from the public to speak.

Action: Motion by Councilmember Jones, seconded by Councilmember Mendoza, to adopt the resolution passed, by the following vote:

Ayes: Sessom, Gastil, Jones, Mendoza, Vasquez

Resolution No. 2015-3304: Resolution of the City Council of the City of Lemon Grove, California Authorizing Application for Housing Related Parks Grant

6. Fiscal Year 2014-2015 Mid-Year Budgets

Cathy Till stated that on January 20, 2015, the City Council discussed the draft Fiscal Year 2014-15 (FY 2014-15) Mid-Year budgets for the City, Lighting District, Sanitation District, and Successor Agency. At that meeting, the City Council directed staff to provide more information regarding the implications of paying down the PERS Unfunded Actuarial Liability (UAL) in the coming years.

On May 21, 2014 the PERS Board made structural changes to risk pooling, which caused a major change in the way PERS charges the City for its annual share of the pool’s liability. Under the old methodology, a percentage of payroll was designated as the City’s share of both the unfunded (side fund) liability, as well as the pension liability of current staff. The liability was expressed as a percentage of anticipated payroll. Under the new methodology, there are two components that make up the City’s PERS payment:

A percentage of payroll is designated as the “Employer Normal Cost Rate” (i.e. the cost of current employees’ future benefits); and

A fixed amount is designated as the payoff of the pre-May 21, 2014 liability of both current and past employees. This amount is fixed at the beginning of the year, and is based on PERS investment results for the prior year and any new actuarial assumptions that might arise.

Beginning with the June 30, 2013 valuations, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period, with the increases or decreases in the rate spread directly over a 5-year period. In addition, all pooled plans will be combined into two active pools—one for all miscellaneous groups and one for all safety groups.

Ms. Till noted that staff recommends making an additional average payment of approximately \$175,000 to PERS in FY 2015-16. This would require a UAL payroll deduction of approximately 4 percent of salary—a 4 percent deduction would result in a General Fund cost of approximately \$108,500 in FY 2015-16. The proceeds from this deduction would be placed in a separate fund to pay for the early payoff of the PERS liability. The one-time payment of \$300,000 and an average annual payment of approximately \$175,000 will reduce the term of the default plan of 30 years by approximately 15 to 17 years, based on the current PERS assumptions.

In addition, staff also recommends that the City Council establish the Unfunded Actuarial Liability Fund as a separate fund operated by the City.

After the discussion, the City Council directed staff to present the 20 year payoff proposal of the PERS Unfunded Actuarial Liability during the May budget discussion.

Action: Motion by Councilmember Jones, seconded by Councilmember Gastil, to adopt the resolution passed, by the following vote:

Ayes: Sessom, Gastil, Jones, Mendoza, Vasquez

Resolution No. 2015-3305: Resolution of the City Council of the City of Lemon Grove, California Approving the City of Lemon Grove Mid-Year Budget for Fiscal Year 2014-2015 and Authorizing Expenditures Thereto

Action: Motion by Board Member Jones, seconded by Board Member Vasquez, to adopt the resolution passed, by the following vote:

Ayes: Sessom, Gastil, Jones, Mendoza, Vasquez

Resolution No. 2015-162: Resolution of the Board of Directors of the Lemon Grove, California Roadway Lighting District Approving the Mid-Year Budget for Fiscal Year 2014-2015 and Authorizing Expenditures Thereto

Action: Motion by Board Member Mendoza, seconded by Board Member Gastil, to adopt the resolution passed, by the following vote:

Ayes: Sessom, Gastil, Jones, Mendoza, Vasquez

Resolution No. 2015-269: Resolution of the Board of Directors of the Lemon Grove, California Sanitation District Approving the Mid-Year Budget for Fiscal Year 2014-2015 and Authorizing Expenditures Thereto

Action: Motion by Board Member Vasquez, seconded by Board Member Jones, to adopt the resolution passed, by the following vote:

Ayes: Sessom, Gastil, Jones, Mendoza, Vasquez

Resolution No. 2015-8: Resolution of the Board of Directors of the Lemon Grove Successor Agency Approving the Mid-Year Budget for Fiscal Year 2014-2015 and Authorizing Expenditures Thereto

City Council Oral Comments and Reports on Meetings Attended at the Expense of the City. (GC 53232.3 (d))

Councilmember Jones attended the annual SANDAG Regional Planning Committee retreat.

Councilmember Mendoza attended the Valencia Hills Single Family Home project grand opening, Deputy Fire Chief Tim Smith retirement party, Thrive Lemon Grove, and San Diego Regional Chamber meetings, and met with Supervisor Diane Jacob.

Councilmember Gastil attended Deputy Fire Chief Tim Smith retirement party, the clergy breakfast, and was appointed to the LOSSAN Board. He noted that Councilmember Mendoza, as a newly elected official, was recognized by the Mexican-American business professional association.

Mayor Pro Tem Vasquez attended a Heartland Communication Authority meeting, the Valencia Hills Single Family Home project grand opening and a Thrive Lemon Grove meeting where she and Councilmember Mendoza excused themselves during the digital billboard discussion. She also attended a LAFCO meeting, the Lemon Grove Library “Frozen” and Thrive Lemon Grove’s “Indoctrinated” movie event, and the St. John of the Cross school assembly where she presented a Catholic Schools Week proclamation on behalf of the City.

Mayor Sessom attended the annual SANDAG retreat, an Airport Authority meeting, and the Valencia Hills Single Family Home project grand opening.

City Manager and Department Director Reports

Mike James reported that the grand opening for the Lemon Grove Farmers Market will be on February 14th.

Closed Session

Conference with Legal Counsel – Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:
One Case

Closed Session Report: No reportable action was taken.

Adjournment

There being no further business to come before the City Council, Housing Authority, Sanitation District Board, Lemon Grove Roadway Lighting District Board, and the Lemon Grove Successor Agency the meeting was adjourned at 8:40 p.m.

Susan Garcia

Susan Garcia, City Clerk